1. - Basic information
1.1. CRIS number: 2002/000-580-06.13
1.2. Title: Lodzkie - SME development Rawa Mazowiecka
1.3. Sector: ESC
1.4. Location: Poland, Lodzkie Voivodship; Rawa Mazowiecka

2. Objectives
2.1. Overall objective:
• To increase the investment attractiveness of the Rawa Mazowiecka town and region.

2.2. Project purpose/Immediate objective(s):
• To create conditions for the increase in number of new workplaces through the improvement of technical conditions and the safety of transportation in the project area.
• To improve the environmental conditions in Rawa Mazowiecka

2.3 Accession Partnership and NPAA priorities
The project is designed to address issues related to the AP priority in economic and social cohesion policy related to the preparation for the implementation of regional programmes and Community Initiatives. The project in particular responds to the economic criterion identified in the AP concerning improving the competitiveness of the Polish economy. The project corresponds also to the NPAA priority "Regional policy and co-ordination of structural instruments".

2.4. Contribution to the National Development Plan
The project is in line with the sixth axis of the Preliminary NDP, which is “Strengthening development potential of regions and counteracting marginalisation of certain areas”. The priorities of this axis will be implemented by means of several measures including development and modernisation of infrastructure serving to strengthen competitiveness of regions.

2.5 Cross border impact: N/A

3. Description
3.1. Background and justification
Rawa Mazowiecka is a poviat of Lodz voivodship, located in the sphere of influence of important economic centers such as: Warsaw, Lodz, Skierniewice and Piotrków Trybunalski and in a close distance from industrial zone in the town of Mszczonów.

The city is an important transport junction of supraregional significance. Three major transport routes cross each other within the city. These are:
• the highway No.8 Wroclaw – Warszawa,
• the highway No.72 Lodz – Rawa Mazowiecka,
• the highway No.707 Rawa Mazowiecka –Skierniewice,
• the highway No.725 Rawa Mazowiecka –Grójec.

The above described attributes make Rawa Maz. a very attractive location for establishing businesses however the existing road system within the city is a serious obstacle for the economic development not only of Rawa Mazowiecka but also of the whole poviat and Lodz agglomeration.

At present, the transit traffic passes through the city center. This causes considerable traffic jams and creates a great difficulty not only for the city inhabitants but also makes it a reason for delays in deliveries of goods for the firms located in Lodz agglomeration area. Because of this, the town cannot reap benefits from its attractive location within the region as companies opt for less traffic congested localities.

Realization of this project will contribute to improve the accessibility of the industrial areas.

In detailed spatial management plan of Rawa Mazowiecka, areas of a total area equal to 90 hectares, fully prepared in the formal and infrastructural scope, are planned for setting up production, services, warehouses and storehouses.

That mainly relates to two industrial zones (50 hectares together):
• “Mszczonowska” zone at the junction with highway No.8 Warsaw – Wroclaw and
• “Skierniewicka” zone at the designed ring road from Lodz direction.

The other 40 hectares are located:
at the junction, the designed ring road – highway No.8 (along the voivodship road No.725) 35 hectares and
5 hectares along the designed ring road, on its southern side and they are foreseen for the industrial activation already just after the project’s implementation.

50 % of the above mentioned areas dedicated for industrial activation are owned by Rawa Mazowiecka Town. The detailed ownership structure is presented as follows:

<table>
<thead>
<tr>
<th>Area</th>
<th>General area in hectares</th>
<th>Municipal area in hectares</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Industrial-Service Zone &quot;Mszczonowska&quot;</td>
<td>20</td>
<td>19</td>
</tr>
<tr>
<td>2. Industrial-Service Zone &quot;Skierniewicka&quot;</td>
<td>30</td>
<td>20</td>
</tr>
<tr>
<td>3. Industrial-Service Zone at the road junction</td>
<td>35</td>
<td>5</td>
</tr>
<tr>
<td>4. Service Zone</td>
<td>5</td>
<td>1</td>
</tr>
</tbody>
</table>

When it comes to territorial development, these areas are well prepared for the launching of industrial activities.

These areas are equipped with water pipe net Ø300, sewage and drainage system (Ø300-Ø1000), energetic (15 kV) and gas (Ø180) pipe network.

Rawa Mazowiecka Town, which is the owner of 50 % of the area, is very interested to increase investment attractiveness of these areas, that is also why it will keep a liberal pricing policy for the investors who are interested in land purchase.

At present, advanced talks are carried out with processing companies, using raw materials from poviat and other areas, about increasing and widening their enterprises in the result of decisive improvement of the regional transportation system.

The construction of a ring road, beside launching the mentioned zones, will also enable development transport related services – logistic centers, car parks, petrol stations, garages, restaurants and cafeterias.

Polish and foreign companies intending to invest in the trade, service, construction and logistics sectors, make their decision to start their investments dependent on the improvement of the transportation infrastructure (enclosure no.5a).

There is also a number of local companies interested in the construction of the ring road (enclosure no.5b), for which, taking into consideration their establishments profile, transportation development is an essential progress factor which simplifies goods distribution, decreases costs of running their enterprises and that improves the competition process which results in increase of employment (the creation of new work places for about 1300 persons from the region is foreseen).

The implementation of this project is a condition for transportation problem solution in the scale of the whole voivodship. This gives the development possibility of the areas assigned to industrial, service and trade activity equally in the surrounding economic centers, in Rawa Mazowiecka itself and those located along the existing transportation routes.

The designed ring road will fulfill the above conditions and, in the same time, will cause considerable shortening of travelling time along the domestic highway No.72 (in the section Lódz – Rawa Mazowiecka), and will also improve transportation in the region, especially in the direction Warsaw – Lódz. At present, the transit traffic passing through the city center is a great inconvenience for the inhabitants due to air pollution and the high noise level. The development of the city is compliant with the directions stated in the Social and Economic Development of the City Strategy and in the Local Town Planning Scheme. The implementation of the project will improve safety of the road users and pedestrians (the decrease of accidents number by 40% is forecasted in the first year of exploitation).

The construction of the Rawa Mazowiecka ring road will take traffic out of the city center and enable the sustained development of the area adjacent to the road and designated for economic purposes through the improvement of accessibility of these areas.

3.2. Linked activities:

The project is connected with the planned implementation of the following projects:
- modernization of the domestic highway No.8 in the section borderline of Mazowieckie voivodship - Rawa Mazowiecka (forecast to be realized within the nearest 5 years)
- modernization of the domestic highway No.72 Lódz - Rawa Mazowiecka (forecast to be realised within the nearest 5 years).
3.3. Results
The following is the list of project outputs:

1. 3.392 km long bypass with: two carriageway (7.0 m wide), hard shoulders of 2.0 m width, overfly no-collision junction on intersection with National Road No 8, technical class – GP; KR5 traffic category; 115 kN/axis load; AADT 12 700 motor vehicles/day
2. reconstruction of the following infrastructure: power supplies, telecommunication, water supply and sewage system, gas distribution and storm water system

In the social and economist aspect, the implementation of the project will create development conditions of new industrial zones – 90 hectares (mainly “Mszczonowska” and “Skierniewicka” – together 50 hectares) will make areas adjacent to the designed ring road attractive for investment (especially for spedition and logistic companies)
It is estimated that, this will cause a considerable increase of employment – about 1300 persons, which on the base of the present data (the number of unemployed in the city: 1700 persons, in the powiat: 3900 persons) states a considerable decrease of unemployed people number.
In the sphere of safety and traffic flow management, the implementation of the project will cause free of collisions, external traffic through the city, will shorten by 15 minutes the journey by domestic highway No.72 in the section Łódz - Rawa Mazowiecka, will have influence to improve safety of the roads users and pedestrians (the decrease of the accidents number by 40% is forecast for the first year of exploitation).
The implementation of the project will also help to eliminate the transit traffic from the zone of strict conservational protection of the old city and to create a calm traffic zone in the surroundings of the most culturally precious city center.
In the scope of environment protection, the implementation of the project will cause considerable decrease of polluting emission of: carbon oxide from 16,4675 to 6,2530 (kg/100m), nitrogen dioxide from 3,8645 to 1,2857 (kg/100m) and lead from 0,0101 to 0,0038 (kg/100m) The construction of the ring road will also cause decrease of noise level in the central part of the city.

3.4. Activities
Construction of a 3,392 km long bypass with: two carriageway (7.0 m wide), hard shoulders width 2.0 m, overfly no-collision junction on intersection with National Road No 8, technical class – GP; KR5 traffic category; 115 kN/axis load; AADT 12 700 motor vehicles/day
The implementation of this project will involve the reconstruction of the following infrastructure: power supplies, tele – informatic, water supply and sewage system, gas distribution and storm water system.

4. Institutional framework
4.1 The beneficiary of the project will be General Directorate for National Roads and Motorways Division in Łódz.
4.2 The Engineer/ Project Manager will be appointed through a tender procedure organised by the Beneficiary in accordance with the Polish Public Procurement Law.
4.3 The owner of the facilities after project implementation will be General Directorate for National Roads and Motorways Division in Łódz.
4.4 The investment will be executed according to the Decentralised Implementation System (DIS) - “Practical Guide to Phare, Ispa & Sapard contract procedures”
4.5 Implementation of the project will not lead to any changes in the institutional framework described above.
5. - BUDGET in MEUR)

<table>
<thead>
<tr>
<th>PHARE PROGRAMME</th>
<th>Investment</th>
<th>IB</th>
<th>Total Phare</th>
<th>National co-financing</th>
<th>IFI</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project</td>
<td>4.82</td>
<td>0</td>
<td>4.82</td>
<td>6.57</td>
<td>0</td>
<td>11.39</td>
</tr>
<tr>
<td>Total</td>
<td>4.82</td>
<td>0</td>
<td>4.82</td>
<td>6.57</td>
<td>0</td>
<td>11.39</td>
</tr>
</tbody>
</table>

The overall value of the investment including employment of the Project Manager will be 11.39 MEUR. The cost of the employment of the Project Manager will be paid by beneficiary in amount of 0.35 MEUR. Co-financing will be available.

6. IMPLEMENTATION ARRANGEMENTS

6.1. Implementing Agency:
PAO: Ms. Ewa Freyberg, Undersecretary of State in the Ministry of Economy, Pl. Trzech Krzyzy 3/5, 00-507 Warsaw, Phone: + 48 22 693 40 09, Fax: + 48 22 629 68 95.
Implementing Agency: Implementing Authority for Phare Cross Border Co-operation Programme Krucza 36 street, 00-522 Warsaw, Poland phone +48 22 695 99 10-11, fax +48 22 695 99 12-13

6.2. Twinning: N/A.

6.3. Non-standard aspects: N/A

6.4. Contracts:
Contract 1 (works): 11.04 MEUR - joint co-financing
Contract 2 (engineer): 0.35 MEUR

7. Implementation schedule
7.2. Start of project activity: on the turn of III quarter, 2003
7.3. Project completion: I quarter, 2005

8. Equal opportunities
Procedures related to the implementation of the project will be performed according to the law and will respect equal opportunities for all interested institutions and natural persons in spite of their sex, race and nationality. The employment of men and women will be based on applicable EU standards with reference to EOE (Equal Opportunity of Employment), which will be announced in official press advertisements during the recruitment procedures.

9. Environmental impact
The estimation of the projects influence on the environment was worked out according to the procedures instructed by the European Union 85/337/EEC. It showed that this investment will be beneficial in the region scale will eliminate the transit traffic from the town. The realisation of means recommended within the project, which minimise the impact of noise and pollution emitted to the atmosphere will confine the investment. The estimation of the influence on the environment is available in the beneficiary’s office.

10. Rates of return
Feasibility study of the project is available in the beneficiary’s office. The IRR index is estimated to be IRR 20.04% NPV - 15 823 978 (at 6%), NPV - 11 011 612 EUR (at discount rate 8%), NPV - 4 985 407 EUR (at discount rate 12%).
Relatively high value of economic indicators (IRR) in economic analysis is caused by applying General Directorate for National Roads and Motorways instruction for economical evaluation of road investment, which enclosed additional economical profits in IRR calculations.

11. Investment criteria
11.1. Catalytic effect
The Phare support will be conducive to achieving economic and social cohesion goals in Lódzkie voivodship, which otherwise could be attained only in a more distant future and on a more modest and less efficient scale
11.2. Co-financing:
The project is co-financed by the Polish sources. The national contribution amounts to 58% of the total project cost. - joint co-financing
11.3. Additionality:
The financial means transferred to the Beneficiary for the project implementation, covering the investment costs as they are planned within the project do not displace other financing sources, especially from the private sector and the IFI system; it is solely the co-financing of identified priorities and does not replace national resources.

11.4. Project readiness and size:
The project will be ready for implementation, contracting and disbursement in accordance with requirements of Phare 2002 ESC programme. The feasibility study and report from environmental impact assessment have been prepared. The planning permit has been obtained. The acquisition of land for the investment has been completed. The Polish co-financing has been allocated.

11.5 Sustainability:
The project will contribute to the long-term sustainable development of the region, as described in the Operational Programme for Lódzkie Voivodship. The investment is sustainable and does not require any further expenditures apart from the ongoing technical maintenance on the part of the General Directorate for National Roads and Motorways Division in Lódz.

11.6. Conformity with state aid provisions:
All aspects of the project will be developed with respect to the state aids provisions of the European Agreement.

12. Conditionalities and sequencing

- Deadlines:
  - Construction designs prepared until (date) III quarter 2002
  - Obtaining the building permit until (date) IV quarter 2002
  - Preparation of tender documents until (date) I quarter 2003
  - Signing the works contract until (date) III quarter 2003
  - Completion of the contract until (date) I quarter 2005

**ANNEXES:**
- Annex 1 - Logframe matrix
- Annexes 2-3 - Implementation, contracting and disbursement schedule
## Annex 1 Logframe matrix

<table>
<thead>
<tr>
<th>Name of programme and its number</th>
<th>PHARE 2002 ESC</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Overall Objective</strong></td>
<td><strong>Objectively Verifiable Indicators</strong></td>
</tr>
<tr>
<td>To increase the investment attractiveness of the Rawa Mazowiecka town and region.</td>
<td>increase of SME’s turnover</td>
</tr>
<tr>
<td>Project purpose (Immediate Objective)</td>
<td><strong>Objectively Verifiable Indicators</strong></td>
</tr>
<tr>
<td>To create conditions for the increase in number of new workplaces through the improvement of technical conditions and the safety of transportation in the project area.</td>
<td>creation of 1300 new workplaces through new enterprises established on investment land opened up by the project (one year after the project completion)</td>
</tr>
<tr>
<td>To improve the environmental conditions in Rawa Mazowiecka</td>
<td>decrease of polluting emission of: carbon from 16.4675 to 6.2530 (kg/100m), nitrogen dioxide from 3.6845 to 1.2857 (kg/100m) and lead from 0.0101 to 0.0038 (kg/100m)</td>
</tr>
<tr>
<td>Results</td>
<td><strong>Objectively Verifiable Indicators</strong></td>
</tr>
<tr>
<td>long bypass with: two carriageway (7.0 m wide), hard shoulders of 2.0 m width, overfly no-collision junction on intersection with National Road No 8, technical class – GP; KR5 traffic category; 115 kN/axis load; AADT 12 700 motor vehicles/day</td>
<td>90 hectares of investment land with direct access from the by-pass road</td>
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<td></td>
<td>reconstruction of the following infrastructure: power supplies, tele – informatic, water supply and sewage system, gas distribution and storm water system</td>
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<td></td>
<td>shortening the drive time on the road section Łódź - Rawa Mazowiecka</td>
</tr>
<tr>
<td>Activities</td>
<td><strong>Means</strong></td>
</tr>
<tr>
<td>Construction of bypass with: two carriageway, hard shoulders, overfly no-collision junction</td>
<td>financial means equal to 11.39 mln EURO Phare 4.82 mln EURO national co-financing 6.57 mln EURO</td>
</tr>
</tbody>
</table>
Annexes 2-3: Implementation, contracting and disbursement schedule

06.13 Lodzkie - SME development Rawa Mazowiecka

Date of preparation: January 2002
Planning period: Jan. 2003 - March 2005

<table>
<thead>
<tr>
<th>PLANNING</th>
<th>I'03</th>
<th>II'03</th>
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(1) Implementation schedule
(2) Contracting Schedule (Phare sources) 4.82
(3) Disbursement Schedule* 0.2 0.5 2.1 3.9 4.2 4.82

Legend:
D = preparation of subprojects
C = tenders and contracting
I = realisation of contracts and payments
* cumulative in MEUR, Phare sources